

⁶⁶A Conversation with the Commissioner⁹⁹ October 16, 2014

Commissioner Todd E. Kiser



Today's Topics

 Recent Discoveries from CIPR Symposium

Insurance Fraud

Current Healthcare Issues









Hurricane Katrina

Cost: \$149 Billion

•Fatalities: 1,836



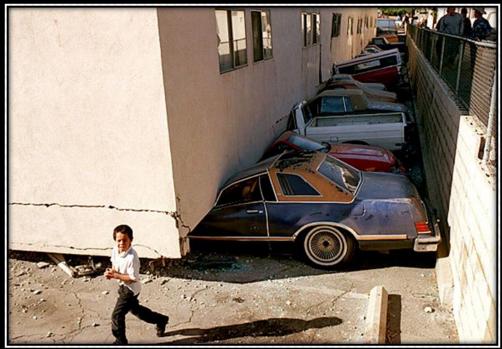
Date: August 2005

Location: Mississippi and Louisiana





Northridge Earthquake



Northridge Earthquake

Cost: \$65 Billion

Fatalities: 60

Date: January 1994



Location: Southern California

Joplin Tornado



Joplin Tornado

Cost: \$3 Billion

25% of Joplin Destroyed

Fatalities: 161

1000 Injured

Date: May 2011

Location: Joplin Missouri





Wildfires

Cost: \$ Billion

•Fatalities:

•Date:

•Location:



Insurance in Utah is a \$15 billion dollar industry

The Good of Our Industry

Insurance Fraud

- 2nd Largest White Collar Crime behind Tax Evasion
- \$96 Billion dollars lost annually (low estimate)
 - 28% Auto claims involve fraud
 - 25% Workers compensation claims involve fraud
 - 10% Health care claims involve fraud
- Everyone is a victim
 - Increased insurance cost (Premiums)
 - + \$1,000 per family annually

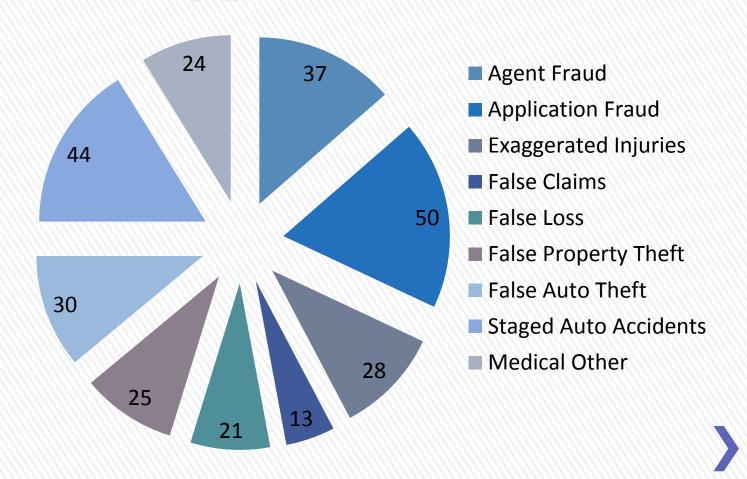


Insurance Fraud Division Staffing

- 11 Law Enforcement Special Function Investigators
- 3 Assistant Attorney Generals
- 2 Legal Secretaries
- 1 Information Specialist

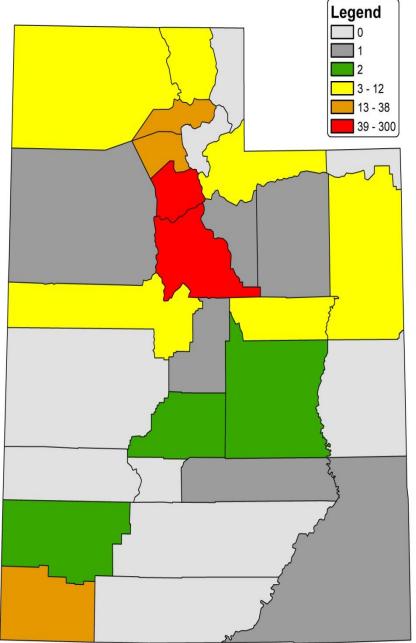


FY 2013 Case Types Received

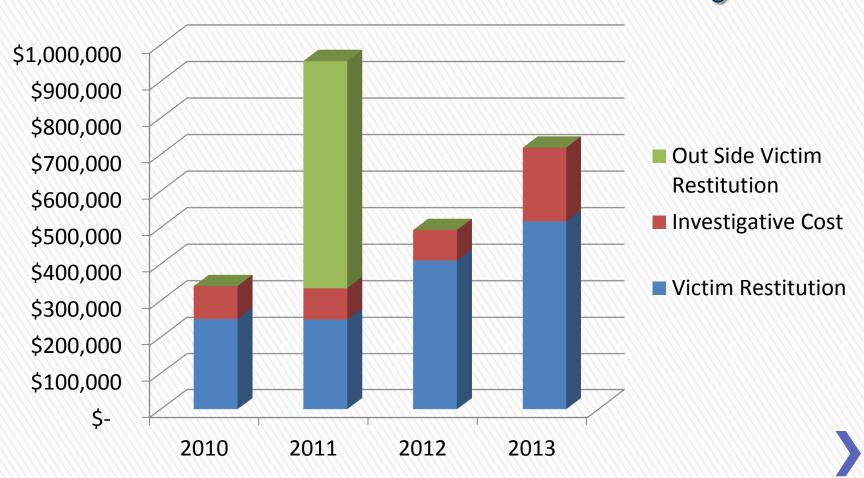


Utah 2012 Questionable Claims by County





FY 2013 Restitution Recovery



Current Trends

- Insurance Agent Fraud
- False Auto Glass Claims
- Sales Agent Fraud
- Staged Auto Accidents
- Past Posting Claims
- Health Care Fraud

Staged Vehicle Theft – Owner Gave Up



State vs. the Ervins * Farmers * \$18,300

Staged Auto Theft/Arson



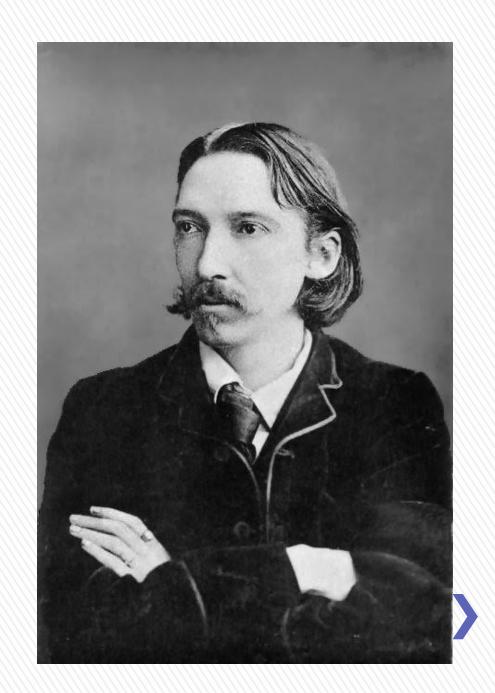
State vs. Lopez
American Family Insurance
\$3,346

Robert Louis Stevenson

"To tell the truth, rightly understood, is not to state the true facts, but to convey a true impression; truth in spirit, not truth to letter, is the true veracity."

"The Cruelest lies are often told in silence"

- "Truth of Intercourse" The Harvard Classics



Fixation



2015 Health Insurance Markets and Marketplaces

Individual Marketplace Healthcare.gov



Small Employer Marketplace AvenueH.com





Individual Market

Open Enrollment

- » November 15, 2014 February 15, 2015
- » No pre-existing condition limitation periods
- » Insurers must accept all individuals, regardless of health status
- » Special enrollment periods available outside of open enrollment are available if an individual experiences certain events, such as; marriage, birth of child, adoption, divorce, loss of job or income.

Individual Market Insurers

Individual				
Company	2015			
Altius	On/Off			
Arches	On/Off			
BridgeSpan	On/Off			
Freedom*	Off			
Humana Ins Co	Off			
Humana of Utah	On/Off			
Molina	On/Off			
Natl Foundation Life*	Off			
Regence BCBS of Utah	Off			
SelectHealth	On/Off			
Time	Off			
UHC Life*	Off			

- » 6 insurers' plans recommended to the Federally Facilitated Marketplace, healthcare.gov
- » 6 insurers exclusively off exchange
- » 3 new entrants off exchange only

^{*} New to the market in 2015.

Individual Rates - 2nd Lowest Silver

» Individual On Exchange Medical

- > Second lowest premium silver plan that is available to an individual for purchase
- > Establishes benchmark off of which premium subsidies are based (reduced premium costs)
- > A person must purchase a Silver plan to get the additional cost sharing reduction (reduced copay / coinsurance / deductibles)

» Example

> John is eligible for a premium credit of \$3,552 based on an expected contribution of 6.3% of his income. The silver benchmark plan (2nd lowest cost silver plan) for John costs \$5,000 per year. There is also a bronze plan available that would cost \$3,500 per year and the cheapest silver plan that

costs \$4,500.		Premium		John's		Cost Sharing	
Plan	Premium	Credit		Premium		Reduction	
Bronze	\$ 3,500	\$	3,	552	\$	<u> </u>	No
Lowest Silver	\$ 4,500	\$	3,	552	\$	948	Yes
Benchmark Silver	\$ 5,000	\$	3,	552	\$	1,448	Yes



Individual Rates - 2nd Lowest Silver

» People who chose a plan last year to optimize their premium and cost sharing could be auto enrolled into a plan in 2015 that will no longer be optimal.

» It is in the best interest of each individual marketplace participant to shop for coverage during open enrollment for the plan that best meets their financial and medical needs.

Small Employer Insurance

- » Eligible employers that purchase insurance through a SHOP (AvenueH) may receive a small business tax credit of up to 50% of the employer's contribution toward insurance premiums
- » Non-profit companies can get up to 35% of their contributions in a refundable credit
- » Employers may take the small business tax credit for up to two consecutive taxable years
- » The amount of credit a small business receives will depend on the number of employees and average wages
- » Additional guidance and FAQs available on <u>www.irs.gov</u> (keyword: ACA)

Small Employer Market Insurers

Small Employer Group				
Company	2015			
Aetna*	Off			
Altius	Off			
Arches	On/Off			
Humana Ins Co	Off			
Regence BCBS of Utah	Off			
SelectHealth	On/Off			
Sterling Life	Off			
UHC Ins	Off			
UHC of Utah	On/Off			
WMI	Off			

- » 3 insurers' plans recommended to Avenue H
- » 7 insurers exclusively off exchange
- » 1 new entrant (only marketing to out-ofstate employees of instate employers)

^{*} New to the market in 2015.

Available Plans

2014	2015
96	108
54	148
150	256
2014	2015
70	75
188	576
258	651
2014	2015
408	907
	96 54 150 2014 70 188 258

- » All plans offered on exchange are also required to be available off exchange, except for "multi-state plans."
- » Starting in 2015, all riders are required to be integrated into plans, or offered as a stand alone product, resulting in a larger number of plans available.
- » FFM and Avenue H have final determination for on exchange QHP certification

Rate and Quality Transparency

- » healthrates.utah.gov
 - > Quality comparison
 - > 2015 individual rate comparison

Thank You